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STATE COLLEGES: SPEAKER MEMBER OF GOVERNING BODY

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to make common stock investments. Another public pension or retirement funds are presently permitted to make these selective stock investments.

This proposal was placed on the ballot with the unanimous approval of the California Legislature and is strongly supported by a wide range of groups and individuals. These endorsements include the California Teachers' Association, California Retired Teachers' Association, labor unions, chambers of commerce, newspapers, taxpayers associations, financial and political leaders and many others.

The amendment will permit selective investment of teachers' retirement funds in common stocks on a restricted basis. These funds come from three sources—contributions from teachers, contributions from school districts and income from investments. Increased investment earnings obviously will benefit both taxpayers and teachers.

The country's leading financial authorities such as First National City Bank of New York, Chase Manhattan Bank, and Moody's Investors Service have strongly recommended investing in corporate stocks to reduce retirement system costs. Moody's said, "... a systematic program of periodic purchase of diversified, professionally selected securities is the soundest way to achieve the lowest cost and greatest retirement benefits."

Common stocks have been used for years by hundreds of organizations seeking to increase investment earnings. They include: (1) Retirement systems of more than 30 states, the Federal Reserve System, most private companies and many labor unions. (2) Sixty-seven colleges and universities which have invested 60 percent of their en-

dowments, totaling \$6 billion, in common stocks. The conservative "Big Four", Columbia, Harvard, Princeton and Yale, have invested more than \$1 billion in common stocks with great success.

The State Teachers' Retirement System, which manages the retirement funds of more than 300,000 members employed in the public schools of the state, has an investment portfolio at the present time of over \$1½ billion. With an increase of only one percent in investment earnings on the current investment portfolio, State Teachers' Retirement System income would grow by an additional \$15 million a year, again benefiting both teachers and the public.

This amendment strictly safeguards public retirement funds. Major restrictions include limitation of common stock investments to 25% of the fund's investment portfolio, with no more than 5% of the stock of any company and no more than 2% of the fund's assets in a single common stock. Purchases would be limited to domestic corporations listed on a national exchange that have a capitalization of \$100 million with a history of dividend payments in eight of the past ten years, including the last three years. Banks and insurance companies with capital funds of \$50 million or more would qualify.

This proposal warrants a "Yes" vote. It can be of significant benefit to every Californian.

ASSEMBLYMAN E. RICHARD BARNES,
Chairman, Joint Legislative
Retirement Committee,
California State Legislature

ASSEMBLYMAN JACK R. FENTON,
51st District,
California Legislature

STATE COLLEGES: SPEAKER MEMBER OF GOVERNING BODY.

7 Legislative Constitutional Amendment. Provides Speaker of the Assembly shall be ex officio member of any agency charged with administration of State College System.

YES

NO

(For Full Text of Measure, See Page 7, Part II)

General Analysis by the Legislative Counsel

A "Yes" vote on this measure is a vote to make the Speaker of the Assembly an ex officio member of any state agency created by the Legislature which is charged with the management, administration, and control of the state college system of California.

A "No" vote is a vote to reject this proposal.

For further details, see below.

Detailed Analysis by the Legislative Counsel

Under existing statutory and constitutional provisions, while the Speaker of the

Assembly meets and participates with the trustees in their work to the extent that such participation is not incompatible with his position as a Member of the Legislature, he cannot vote or otherwise participate in the formal proceedings of the trustees.

This measure amends the California Constitution to permit the Speaker of the Assembly to be an ex officio member of the Trustees of the California State Colleges, or any successor to this state agency, with equal rights and duties with the other nonlegislative members of the board, including the right to vote and otherwise participate in the formal proceedings of the trustees.

Argument in Favor of Proposition 7

The Speaker of the California Assembly currently has the status on the State College Board of Trustees of a "legislative interim committee on the subject of the California State Colleges." In plain terms, this means the Speaker is expected to attend Trustees meetings and take an active role in the affairs of the state colleges yet without being given the power to vote in its proceedings, make or second motions, or take any formal action whatsoever.

The Speaker is currently an ex-officio member of the University of California Regents and has similar responsibilities toward the University of California as he does toward the California State Colleges but on the Board of Regents he is given the necessary voting privileges to carry out his responsibilities.

The Speaker, who is the ranking member of the State Assembly, holds the same position in his Legislative House as the Lieutenant Governor who is the President and ranking member of the State Senate. Therefore, while the Lieutenant Governor has principal duties in his official capacity as a constitutional officer, he and the Speaker, in effect, represent the California Legislature on the Board of Regents and the Board of Trustees. However, the Lieutenant Governor has voting powers on both Boards while the Speaker has voting power only on the Board of Regents.

The Speaker's present inequitable status therefore is an archaic provision of the State Constitution and that provision should be revised to grant to the Speaker ex-officio membership and the power to vote on the State College Board of Trustees.

I therefore urge a Yes vote on Proposition 7.

WILLIAM CAMPBELL,
Assemblyman,
50th District

ALBERT S. RODDA,
Senator,
5th District

Argument Against Proposition 7

I urge a "No" vote on this Constitutional Amendment which would place the Speaker of the Assembly on the Board of Trustees of the California State Colleges.

Instead of adding another politician to the governing board of our state colleges, we should be removing politicians from the Board of Regents of the University of California and the Board of Trustees of the State Colleges. Too often elected officials have exploited the University and State Colleges for their own political purposes.

The presence of political figures on these governing boards tends to focus the attention of the press upon the University and State Colleges as an area of public controversy. It also tends to polarize public opinion and to prevent the constructive resolution of the serious problems facing higher education in California.

I agree with the Constitution Revision Commission study published in January 1969 which stated as follows:

"The most important objection to the membership of elected State officials on the Board of Regents is the danger of political interference. Although Section 9 specifically forbids political interference in the affairs of the University, Regents' meetings offer a forum for political activity that is easily abused by candidates seeking public favor. Since the official members will sometimes represent opposing political parties, Regents' meetings can become the scene of direct political clashes. Lay Regents may feel compelled to take sides, and University issues may be resolved in terms of political power rather than the best interests of the University."

The Board of Regents of the University now includes the Governor, the Lieutenant Governor, the Speaker of the Assembly and the Superintendent of Public Instruction. Except for the Speaker, these politicians also sit on the Board of Trustees of the State Colleges.

Our efforts ought to be to remove these politicians from the governing boards and to take the University and State Colleges out of the arena of partisan politics. This Constitutional Amendment, by adding another elected official to the board, goes in the wrong direction. For this reason, I urge a "No" vote.

ALAN SIEROTY,
Member of the Assembly,
Fifty-Ninth District

PROPOSED AMENDMENTS TO ARTICLE XII

First—That the second and third paragraphs of Section 13 of Article XII are amended to read:

Notwithstanding provisions to the contrary in this section and Section 31 25 of Article IV XIII of this Constitution, the Legislature may authorize the investment of moneys of any public pension or retirement fund ~~other than the fund provided for in Section 12901 of the Education Code, or any successor thereto~~, not to exceed 25 percent of the assets of such fund determined on the basis of cost in the common stock or shares and not to exceed 5 percent of assets in preferred stock or shares of any corporation provided:

a. Such stock is registered on a national securities exchange, as provided in the "Securities Exchange Act of 1934" as amended, but such registration shall not be required with respect to the following stocks:

1) The common stock of a bank which is a member of the Federal Deposit Insurance Corporation and has capital funds, represented by capital, surplus, and undivided profits, of at least fifty million dollars (\$50,000,000);

2) The common stock of an insurance company which has capital funds, represented by capital, special surplus funds, and unassigned surplus, of at least fifty million dollars (\$50,000,000);

3) Any preferred stock

b. Such corporation has total assets of at least one hundred million dollars (\$100,000,000);

c. Bonds of such corporation, if any are outstanding, qualify for investment under the law governing the investment of the retirement fund, and there are no arrears of dividend payments on its preferred stock;

d. Such corporation has paid a cash dividend on its common stock in at least 8 of the 10 years next preceding the date of investment, and the aggregate net earnings available for dividends on the common stock of such corporation for the whole of such period have been equal to the amount of such dividends paid, and such corporation has paid an earned cash dividend in each of the last 3 years;

e. Such investment in any one company may not exceed 5 percent of the common stock shares outstanding; and

f. No single common stock investment may exceed 2 percent of the assets of the fund, based on cost.

Notwithstanding provisions to the contrary in this section and Section 31 25 of Article IV XIII of this Constitution, the Legislature may authorize the investment of moneys of any public pension or retirement fund ~~other than the fund provided for in Section 12901 of the Education Code, or any successor thereto~~, in stock or shares of a diversified management investment company registered under the "Investment Company Act of 1940" which has total assets of at least fifty million dollars (\$50,000,000); provided, however, that the total investment in such stocks and shares, together with stocks and shares of all other corporations may not exceed 25 percent of the assets of such fund determined on the basis of the cost of the stocks or shares.

STATE COLLEGES: SPEAKER MEMBER OF GOVERNING BODY.
7 Legislative Constitutional Amendment. Provides Speaker of the Assembly shall be ex officio member of any agency charged with administration of State College System.

YES	
NO	

(This amendment proposed by Assembly Constitutional Amendment No. 32, 1970 Regular Session, expressly amends an existing article of the Constitution by adding a new section thereto; therefore, **NEW PROVISIONS** proposed to be **ADDED** are printed in **BOLDFACE TYPE**.)

PROPOSED AMENDMENT TO ARTICLE XX

Sec. 23. Notwithstanding any other pro-

vision of this Constitution, the Speaker of the Assembly shall be an ex officio member, having equal rights and duties with the non-legislative members, of any state agency created by the Legislature in the field of public higher education which is charged with the management, administration, and control of the State College System of California.

8 **SUPERINTENDENT OF PUBLIC INSTRUCTION.** Legislative Constitutional Amendment. Authorizes one additional Deputy Superintendent of Public Instruction exempt from civil service.

YES	
NO	

(This amendment proposed by Assembly Constitutional Amendment No. 79, 1969 Regular Session, as amended by SB 780 of the 1970 Regular Session, expressly amends an existing section of the Constitution and repeals an existing section thereof; therefore,

EXISTING PROVISIONS proposed to be **REPEALED** are printed in **STRIKEOUT TYPE**; and **NEW PROVISIONS** proposed to be **ADDED** are printed in **BOLDFACE TYPE**.)